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FEDERAL COMMUNICATIONS COMMISSION
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**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Billed Party Preference)	CC Docket No. 92-77
for 0+ InterLATA Calls)	

**Comments of the Illinois Commerce Commission,
the Indiana Utility Regulatory Commission,
the Public Utilities Commission of Ohio,
and the Public Service Commission of Wisconsin**

Submitted July 6, 1992



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July 6, 1992

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VIA FEDERAL EXPRESS

Ms. Donna R. Searcy
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JUL 7 1992

ORIGINAL
FILE

Re: Billed Party Preference for 0+
InterLATA Calls, CC Docket No. 92-77

Dear Ms. Searcy:

Enclosed please find the Comments of the Illinois Commerce Commission, the Indiana Utility Regulatory Commission, the Public Utilities Commission of Ohio, and the Public Service Commission of Wisconsin in the above-captioned docket. We have included an original plus nine copies of the comments to fulfill the filing requirement in this docket and ensure that each Commissioner receives a copy.

We would appreciate your acknowledging receipt of this filing by returning a duplicate time-stamped copy of this letter in the enclosed self-addressed stamped envelope.

Thank you for your attention to this matter.

Very truly yours,

Darrell S. Townsley

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Special Assistant Attorney General

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Enclosures

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Comments of the
Illinois Commerce Commission,
the Indiana Utility Regulatory Commission,
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and the Public Service Commission of Wisconsin

CC DOCKET No. 92-77

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Executive Summary

The Illinois, Indiana, Ohio, and Wisconsin regulatory commissions support the implementation of billed party preference. Billed party preference is in the public interest. It appears to mitigate the concerns of end users who expect both to access their preferred carrier at payphones and aggregator phones and to be charged just and reasonable rates. Competition in the operator services market will shift away from presubscription contracts and begin to focus more on end-users. Carriers that do not operate in the public interest may not remain in business and should not be protected.

The appropriate scope of traffic for billed party preference is all 0+ interLATA traffic. We are willing to cooperate in the implementation of billed party preference for intrastate 0+ interLATA traffic as well. The selection process for 0+ carriers should simply consist of a notification by LECs to their subscribers who may or may not wish to exercise that choice. LECs and IXC's may offer jointly or separately a variety of services to implement billed party preference at the end-user level.

On the matter of proprietary calling cards, we feel that an IXC should not be required to open its billing and validation database to other carriers. MCI and Sprint issue "proprietary" cards which are usable only on each carrier's own network and are similar to AT&T's CIID card in that respect. The efforts undertaken by AT&T have begun to solve a problem that has been the source of many customer complaints. Releasing customer data to other carriers nullifies AT&T's efforts to solve this problem.

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**Comments of the Illinois Commerce Commission,
the Indiana Utility Regulatory Commission,
the Public Utilities Commission of Ohio,
and the Public Service Commission of Wisconsin**

The Illinois Commerce Commission ("Illinois Commission"), the Indiana Utility Regulatory Commission ("Indiana Commission"), the Public Utilities Commission of Ohio ("Ohio Commission"), and the Public Service Commission of Wisconsin ("Wisconsin Commission") hereby respectfully submit their comments in this matter. These commissions are the state regulatory bodies charged with regulating investor-owned telecommunications carriers in their respective states and will be referred to as "the state commissions" in the remainder of the comments.

I. Introduction

In its Notice of Proposed Rulemaking, the FCC describes "billed party preference" ("BPP") as an automated routing methodology for 0+ interLATA payphone or operator-assisted calls, where the call is handled by the carrier chosen by the billed party. (NPRM, at ¶ 1). Currently, 0+ calls are handled by the carrier ("IXC") or operator service provider ("OSP") presubscribed to by the telephone or premise owner. The FCC tentatively concludes that BPP is in public interest for all 0+ interLATA calls and seeks comments on the costs and benefits of BPP and how it should be implemented. (NPRM, at ¶ 1). The state commissions will comment on billed party preference as well as briefly address the alleged competitive inequities of AT&T's and other proprietary calling cards.

II. Background

Before 1989, the Regional Bell Operating Companies ("BOCs") routed all 0+ interLATA traffic to AT&T. The FCC has noted that in 1988 the United States District Court ruled that "a system which permits the billed party to select the interexchange carrier of his choice simply by dialing 0+ most perfectly comports with the language and purposes of the decree." (NPRM, at ¶ 3). Such a routing system has not been feasible, however, because the Line Identification Database ("LIDB") necessary to implement BPP or to comply with the court's statement has not been completed. In the interim, the BOCs and GTE set up

presubscription plans for competitive payphones and customer premises equipment ("CPE") at aggregator locations. Under presubscription, all 0+ traffic is routed to the presubscribed carrier; access codes must be dialed to reach other carriers. Some payphone and/or premise owners have blocked access code calls to other IXCs, causing confusion among consumers who have brought many complaints against payphone and operator service providers before state commissions and the FCC. Although comprehensive statistics are not available, state commissions have received many complaints about payphone providers. For example, the Illinois Commission has received over 190 complaints against alternate operator service companies since January of 1991. The Wisconsin Commission, aside from having received over 35 complaints since January of 1991, has pending before it customer refunds exceeding \$200,000 for intrastate calls from a prison payphone.

In 1991, the FCC issued unblocking rules to provide 800, 950, and 10XXX forms of access to end-users and rules requiring OSPs to have 800/950 numbers.¹ The Illinois Commission supported unblocking 800, 950, and 10XXX access to enable callers to reach their carrier of choice.² The FCC recently stayed

¹ See Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, Report and Order and Further Notice of Proposed Rulemaking, 6 FCC Rcd 4736 (1991) ("FNPRM").

² Reply Comments of the Illinois Commerce Commission, CC Docket No. 91-35, filed April 26, 1991, at pp. 4-5.

these rules.³ The state commissions recommend that the stay be lifted if it has not been done by the time of this filing. The public interest purpose of the proceedings in CC Docket No. 91-35 has been lost in the stay of these rules.

A. Billed Party Preference

In a petition for a rulemaking, Bell Atlantic proposed new equal access for all payphones in equal access areas. (NPRM, at ¶ 9). Other BOCs filed similar proposals and cost information with the FCC. Ameritech, together with MCI, filed jointly a proposal for BPP describing it as an access service provided to interexchange carriers under tariff. The proposals for BPP put forward by these companies will all fundamentally change the routing of all 0+ calls, which will go directly to the local exchange carrier's ("LEC's") Operator Service Switch ("OSS"), rather than to the presubscribed carrier. For calls that are billed to the subscriber's residential or business line account, a query would be made to the LEC's LIDB to identify the end-user and the 0+ carrier selected to handle 0+ traffic to be billed to that line. After being routed to the OSS, collect calls would go to the called party's OSP, and third number calls would go to the OSP of the number being billed. Calling cards issued with validation or billing-and-collection arrangements between the IXC and the LEC would be routed to the LIDB, where the IXC is identified and validation procedures are conducted, then handed

³ Order, CC Docket No. 91-35, 7 FCC Rcd 1989 (1992).

off to the IXC. Calls made with IXC calling cards issued independent of the end-user's subscriber line account with the LEC would be routed from the OSS to the IXC that issued the card for validation and billing.

Routing for other types of calls is unchanged. For example, 1+ interLATA calls are routed to the presubscribed IXC; access code calls are directed to the IXC whose code is entered; and 00-calls are routed to the operator of the presubscribed IXC. We were concerned whether the LEC would be accessible on a 0+ basis. In an ex parte statement to the FCC, Ameritech and MCI point out that the LEC is the default carrier on intraLATA 0+, so the LEC is not bypassed by BPP.⁴

Separate designation for 1+ and 0+ traffic is possible for each phone line. LECs can load information into the LIDB via SS7 to identify IXCs for the billed line. As the FCC pointed out, end users can increase their choice among multiple IXCs by carrying and using a variety of their cards. (NPRM, at ¶ 16). Under BPP, IXCs can issue a Card Issuer Identification card ("CIID"), with up to 19 digits, where the first six digits would identify the issuer. In the "891" format, 891 identifies the North American Number Plan and the next three digits identify the carrier. The CIID card can be issued such that usage charges would appear on a subscriber's monthly bill from the LEC, as is other long-distance service from the presubscribed carrier, or it

⁴ Ex parte letter from Fred Konrad, Director-Federal Relations, Ameritech, to Secretary, FCC, Docket No. RM-6723, dated Jan. 28, 1992, at p. 2 ("Ameritech/MCI ex parte letter").

can be a proprietary account between the card holder and the IXC. With these types of 'proprietary' cards, the LEC OSS appears to need no customer-specific information. A function in the OSS which switches the call, given the carrier identification code should be sufficient. As the FCC points out, no LIDB query is necessary for an IXC-issued card. (NPRM, at ¶ 11). For calling cards based on a subscriber's residential or business phone number, the LIDB of the LEC, containing subscriber information, is used. Sharing databases between LECs and IXCs is necessary for these kinds of calling cards.

Ameritech and MCI estimate that BPP will become generally available for line-number-based calling cards in October of 1993. Yet the routing of CIID cards to the IXC on the first six digits, avoiding a LIDB query, is not possible until April of 1996. We would prefer to see a more timely deployment of the software necessary to permit such routing.

Ameritech and MCI state in their ex parte letter that the validation and billing databases of IXCs must be made available to all other carriers until 1996.⁵ We disagree. This information is not necessary to hand the call off to the preferred carrier that may then do the validation and billing itself. Opening the IXC database to validation by other carriers is an idea that may or may not have some merit, but it is an issue separate from the implementation of BPP.

⁵ Ameritech/MCI ex parte letter at pp. 7-8.

III. Discussion

A. Benefits of Billed Party Preference

1. Billed party preference is in the public interest and appears to mitigate the concerns associated with operator services, shifting the focus of competition from presubscription contracts to end-user business.

The FCC tentatively concludes that BPP is in public interest and could make operator services more "user friendly". (NPRM, at ¶ 13). It will allow end-users to reach their preferred carriers without the use of complex dialing arrangements. We agree with these conclusions and support the implementation of BPP. BPP appears to mitigate the concerns associated with operator services. It will greatly reduce the confusion as to the carrier handling the call and the rates at which the call is billed. Implementation of BPP will eliminate the need for end-users to dial access codes to reach their preferred carriers. Consumers are still quite confused about the need for access codes and how to use them. Attitudes are likely to improve only with greater public education on access codes from carriers. As BPP may not be universally available for some time, access code dialing will still be required to reach preferred carriers in areas where equal access is unavailable. Along with the provisions for carrier identification ("signage" and "branding") and unblocking to preferred carriers established in the operator services proceedings,⁶ the implementation of BPP should increase consumer

⁶ See Policies and Rules Concerning Operator Service Providers, CC Docket No. 90-313, Report and Order, 6 FCC Rcd 2744 (1991); FNPRM, supra, at note 1.

confidence and satisfaction in the telecommunications services they receive at public phones and aggregator locations.

Implementation of BPP will clearly affect competition among operator service providers and is pro-competitive. We agree with the FCC in its expectation that OSP competition will shift from presubscription contracts to end-users, under BPP. (NPRM, at ¶ 19). As the FCC pointed out, OSPs often receive 0+ traffic because they are the presubscribed carrier, not because they are the carrier chosen by the caller. OSPs have been selected by competitive payphone owners or aggregators because of the commissions the OSPs pay to those owners and aggregators, not because of the OSP's rates or the services they provide to end-users.

The rules established in CC Docket No. 91-35 provide payphones with compensation for access code calls. Each payphone will receive \$6.00 each month. This \$6.00 does not vary with the quantity of access code calls made over each phone. Since BPP will reduce the need for access code calling, the implementation of BPP will affect the proportion of that \$6.00 paid by each carrier. Although carriers may wish to address their concerns here, no amendments to that order are necessary to protect the payphone providers.

Small or regional carriers are concerned that they may be driven from the operator services market. (NPRM, at ¶ 22). If OSPs wish to remain viable, they will have to make their services and prices attractive to end-users and perhaps issue calling

cards so that they will obtain business and revenues. OSPs do not necessarily have to operate nationally to compete for end-user business in their region of operation. Regional carriers are not precluded from seeking other forms of business such as collect call and third-call billing designation. They may also consider contracting with major bank cards. The concern here is for consumers. It is imperative that carriers conduct business so that consumers are willing and able to pay for the quality of service they receive. Businesses that do not operate in the public interest are not likely to stay in business. That is the market at work.

2. Consumers are not likely to experience the technical concerns expressed by the FCC, such as the duplication of information provided to operators and an increase in the overall call completion time.

The FCC has sought comment on whether BPP will require a duplication of efforts by end-users to supply first to the LEC operator, then to the IXC operator, the appropriate carrier identification and billing and validation information. (NPRM, at ¶ 26). According to the Ameritech/MCI ex parte letter, callers should not have to duplicate information to both the LEC and IXC operators. Implementation of SS7 technology makes this possible. The FCC points out that with the Automated Alternate Billing Services (AABS) technology LECs would be able to identify collect and third number calls on an automated basis, thus eliminating the need for the caller to address two operators. (NPRM, at ¶ 26).

The FCC notes that there may be additional access time delay as a result of BPP. (NPRM, at ¶ 27). Some additional post-dial delay is reasonable, as dialing time would be reduced by having less need to use access codes and from the likelihood of needing fewer dialing attempts to complete a call with the intended carrier. Additional post-dial delay is likely, but a reduction in total call completion time is also likely.

B. Issues Relating to Implementation of Billed Party Preference

1. The FCC should require that all LECs provide billed party preference as well as preclude payphone providers from using automatic programs to dial around billed party preference.

The FCC has asked, assuming that BPP is in the public interest, whether it should require all LECs to implement BPP and whether it should amend Part 68 to preclude aggregators and payphone providers from using automatic dialing to program phones to dial around BPP. (NPRM, at ¶ 31). We agree with the FCC's tentative conclusion that both should be required to implement a billed party preference system; otherwise the benefits of BPP are undermined. The end-user's ability to reach his preferred carrier from any public telephone in the United States by some uniform procedure requires all LECs where possible to implement BPP and most certainly requires that automatic dialing around BPP by public phone owners be outlawed.

2. The scope of billed party preference should include all 0+ interLATA traffic from all types of telephones.

The FCC has proposed four options for the scope of BPP: (1) interLATA 0+ payphone traffic; (2) All interLATA 0+ public phone (payphone and aggregator phone) traffic; (3) All interLATA 0+ traffic; and (4) all interLATA 0+ and 0- traffic. The FCC tentatively concludes that all 0+ traffic ideally should be handled by the billed party's carrier of choice. (NPRM, at ¶ 32). Clearly, all interLATA 0+ and 0- traffic from all public telephones should provide BPP to end users. The scope of BPP should also include calls from "smart" payphones which have dialing sequences to reach the presubscribed carrier on 0+ contained in the instrument, potentially bypassing BPP. The description "all 0+ interLATA traffic" includes traffic from private residential and business lines. There is no additional burden placed on subscribers to permit BPP routing from their phone lines since the necessary software is on the trunk side of the network and does not affect the loop side routing and configuration. We agree with the FCC that it is in the public interest to include 0+ interLATA traffic from all types of phones in BPP rules.

We are concerned, however, because of the unique environment encompassing the provision of inmate-only phone service at correctional institutions, that the FCC clarify that its proposed BPP rules do not apply to phones at these locations. Specifically, the FCC's Report and Order released on April 15,

1991, in CC Docket No. 90-313, did not classify phones at these locations as aggregator phones. Not classifying these locations as call aggregators accordingly permits, in some instances, only one telecommunications vendor at inmate-only locations to provide both local and interexchange services. As a result, some states have adopted rules affecting intrastate services that may not correspond with the FCC's proposed rules in this docket.

Next comes the issue of the geographic scope of BPP rules. The NPRM does not specify whether the scope of BPP is interstate, interLATA calls or all interLATA calls which appears to include intrastate, interLATA calls as well. We understand that there could be technical difficulties separating interstate and intrastate interLATA traffic. Implementing further technology to separate such calls is likely to increase the cost of BPP. This additional cost would likely be passed on to consumers. Under the current circumstances, we believe the implementation of BPP would be most beneficial to end-users if the same dialing procedures apply for all long-distance calls. Moreover, it is inappropriate to pass on further costs to consumers for technology from which they do not benefit. Presently, we support the implementation of BPP for all interLATA calls, and are willing to cooperate to include intrastate interLATA 0+ traffic, maximizing the benefit to consumers in Illinois, Indiana, Ohio and Wisconsin.

We note that intraLATA routing will not be subject to BPP, unless a state like Illinois which permits intraLATA competition

chooses to require BPP for such calls. Access code dialing to reach carriers other than the LEC will still be required for intraLATA calls. Failure to implement BPP for intraLATA 0+ traffic may cause some confusion for customers who are typically unaware of LATA boundaries. This, however, is an issue for state regulators to act on.

3. A simple notification is sufficient to permit the selection of a 0+ carrier.

The FCC has offered two methods for the selection of a 0+ carrier: (1) by LEC balloting, where the 0+ carrier would be, by default, the 1+ carrier, if the ballot is unreturned; or (2) by LECs simply notifying all subscribers that their 1+ carrier and 0+ carrier do not have to be same carrier. (NPRM, at ¶ 33). Balloting is a grueling process. For residential and business subscribers, a simple notification that they may select another IXC to handle any 0+ calls billed to their number is sufficient. If subscribers care to have a different carrier for 0+ calls, they may choose one.

The notification from LECs is likely to appeal to their subscribers' needs away from the home or office, with the promotion of a line-number-based calling card, for example. LECs are now required to validate the use of LEC calling cards by all IXCs. IXCs are permitted to and do issue their own calling cards. To provide end-users with a choice of 0+ carriers, IXCs (including AOS providers) could market their services to end users through a variety of media. Obtaining calling card

accounts with several carriers, as the FCC pointed out, may be sufficient to provide an end user with access to a variety of carriers for 0+ calls from public phones away from the home or office. (NPRM, at ¶ 16). End-users' choices should not be limited to calling cards with the carrier selected to handle 0+ traffic billed to their subscriber lines.

C. Issuers of proprietary cards should not have to share their billing and validation data for calling cards used in 0+ calls.

The FCC seeks comment on the proposal from some IXCs regarding AT&T's CIID card. The proposal is that all IXCs should be required now to share billing and validation data for calling cards used in 0+ calls. (NPRM, at ¶¶ 42-43). We disagree as this seems to say that AT&T should be prohibited from unilaterally offering an alternative that is consistent with BPP. By implementing this service, AT&T assures that its customers get AT&T's network and rates when they expect to, that is, when they choose to use their AT&T cards. One motivation of AT&T's proprietary calling card has been to directly address the problems that have led to many complaints concerning the high rates charged by operator service providers and the lack of access to preferred carriers before many commissions. To require that AT&T's proprietary customer information be available to all carriers nullifies this benefit. AT&T's competitors would benefit, but only at the expense of consumers.

MCI and Sprint offer calling cards which require some form of access code to be used to access their respective networks;

yet we expect MCI and Sprint to have discretion in their choice to share their calling card business with other carriers. AT&T should be afforded the same discretion. The advantages that competitors argue that AT&T has derived from the issuance of the CIID card, are in fact not anticompetitive, but are the result of a prudent business decision which is open to all competing IXCs.

Currently, according to CompTel, AT&T is most often the preferred carrier among end users and has the most public phones presubscribed to it. (NPRM, at ¶ 18). The FCC has pointed out that BPP will eliminate the advantages AT&T may have in the operator services market. (NPRM, at ¶¶ 20-21). BPP will take some time to implement. However, in the interim, IXCs should not be compelled by regulatory forces to enter into agreements with partners not of their own choosing.

Wherefore, the Illinois Commerce Commission, the Indiana Utility Regulatory Commission, the Public Utilities Commission of Ohio, and the Public Service Commission of Wisconsin respectfully request the FCC to adopt billed party preference rules consistent with the foregoing comments.

Respectfully submitted,

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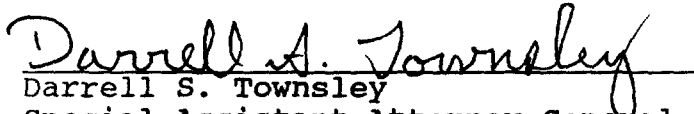
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CERTIFICATION OF SERVICE

I hereby certify that the foregoing Comments of the Illinois Commerce Commission, the Indiana Utility Regulatory Commission, the Public Utilities Commission of Ohio, and the Public Service Commission of Wisconsin, in CC Docket No. 92-77 has been served this 6th day of July, 1992 upon all known parties of record in this proceeding by first-class mail, postage prepaid.

Dated at Chicago, Illinois this 6th day of July, 1992.


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